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**ARIZONA CORPORATION COMMISSION**

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Chairman

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July 31, 2009

Commissioner Gary Pierce  
Commissioner Paul Newman  
Commissioner Sandra Kennedy  
Commissioner Bob Stump

**Re: Workshops and Possible Rulemaking to Address the Line Extension Policies at Arizona's Electric Utilities**

Dear Colleagues:

I am writing about the Commission's line extension policies for electric utilities and the continuing concerns being raised regarding this issue. It has become increasingly clear that line extension policies have evoked strong and disparate opinions, and require further review and consideration.

As you know, the previous Commission instituted a policy eliminating free 1,000 foot line extensions within the service territories of several electric utility companies in Arizona. This policy change sought to ensure that growth paid for itself and that ratepayers – beleaguered by a series of rate increases in the mid-2000's – were relieved of the need to subsidize Arizona's booming housing development, particularly when it occurred far from the utilities' backbone infrastructure. As one of the original proponents of eliminating the free footage for line extensions I continue to believe that policy change was in the public interest. However, as the composition of the Commission changes, it stands to reason that policies enacted by a prior Commission may be reviewed and even altered.

Given the importance of this issue and the statewide implications associated with potentially reversing – in part or in whole – the Commission's current direction on line extensions, I believe this matter would be best addressed through a workshop process, followed by a potential rulemaking. Such a process would accord parties proper time, notice and a forum to address their various viewpoints. Proceeding on an ad hoc, case by case basis seems both redundant and inappropriate given the depth of interest in the issue.

I look forward to discussing this proposed Commission workshop at an upcoming Staff Meeting, including discussion of setting a date certain for the workshops to commence.

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Sincerely,

A handwritten signature in black ink, appearing to read "K. Mayes", with a long horizontal flourish extending to the right.

Kris Mayes  
Chairman

Cc: Steve Olea  
Ernest Johnson  
Janice Alward  
Rebecca Wilder